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## China

Poultry production in China is expected to increase in 2003. China has a strong economy, a strong domestic demand and a gradual shift in consumer preference from pork consumption to poultry. Relatively low feed prices will also lead to higher production. Broiler meat production is expected to increase about 3 percent in 2003 and other poultry, mainly ducks and geese, will grow even more quickly.

Difficulties obtaining quarantine import inspection permits, and an "automatic" registration required by the Ministry of Foreign Trade and Economic Cooperation appear to have significantly restricted chicken imports. Volumes were down 20 percent when compared to 2001 and over 30 percent compared to 2000.

Part of the reason for administrative restrictions on imports could be China's troubles exporting its high-end chicken cuts. Tougher competition, and what China feels to be unfair sanitary restrictions are hurting exports. Volumes to Japan, by far the biggest market, were less than half the volumes they reached in 2000. The opening of the EU market was stalled by the finding of drug residues in other Chinese livestock and aquatic exports to the EU. Exports to Russia rose in the last half of 2002.

### Chinese Poultry Meat Exports, Metric Tons

	1999	2000	2001	2002
Japan	237,238	270,866	215,582	128,200
Hong Kong	29,115	34,996	43,537	58,859
Russia	534	1,953	11,543	35,691
Saudi Arabia	12,354	18,052	32,940	34,591
Malaysia	6,796	7,925	13,246	16,441
World	340,566	404,570	403,251	328,049

### Chinese Poultry Meat and Offal Imports, Metric Tons

	1999	2000	2001	2002
US	497,325	664,575	572,664	551,613
Thailand	23,079	21,180	16,790	6,257
Argentina	19,348	19,174	11,877	4,149
France	8,532	3,589	7,391	3,633
Iran	4,333	4,938	7,535	3,237
World	799,331	850,122	714,770	583,297

### China's Imports for Selected Products, Metric Tons

	January – December 2001	2002	% Chg
Frozen cut broilers with bones	121,781	117,338	-3.65
Frozen broiler wings	26,845	62,892	134.28
Frozen wingtips, paws, offal	495,626	318,482	-35.74

### China's Exports for Selected Products, Metric Tons

	January – December 2001	2002	% Chg
Frozen whole broiler	19,173	21,827	13.84
Frozen cut broilers, boneless	320,343	256,779	-19.84

Source: USDA/FAS

## E.U. Minimum Standards for Laying Hens

The Council Directive 1999/74/EU laid down minimum standards for the welfare of laying hens. Provisions applicable to alternative systems and enriched cages were to take effect on January 1, 2002. All Member States were obliged to implement the Directive in national law by January 1, 2002 and notify the Commission of the measures taken. Provisions applicable to not enriched cage systems went into effect January 1, 2003.

In January 2003 the European Commission launched the second stage of infringement proceedings against Austria, Belgium, Greece, Italy and Portugal over their apparent failure to implement the 1999 Directive setting out the minimum standards for the protection of laying hens (1999/74/EC).

As of January 1, 2003 the minimum living space for all layer hens in cages in the European Union increased from 69.75 square inches to 85.25 sq in. per hen. The net effect of this is likely to cut EU egg output by around one percent in 2003. For 2002 output is estimated at 94.4 billion eggs, down 0.4 percent year on year.

Source: International Egg Commission, European Commission

## Disease Hits Italy

The outbreak of Avian influenza is seriously affecting Italy's poultry industry in the Lombardy and Veneto regions with almost a million birds being slaughtered in the past few weeks. Two years ago some 14 million birds had to be killed following a chicken flu outbreak in the area. Nevertheless, the current situation is regarded as "critical" as the virus is considered to be stronger and more resistant to cold.

Source: International Egg Commission, European Commission

### Japanese Imports, Frozen Broilers, (in metric tons)

	United States	China	Brazil	Thailand	Total
<b>2001</b>					
September	5,927	5,281	8,382	14,097	33,687
October	6,678	21,314	12,314	17,233	57,539
November	6,116	26,874	15,700	16,467	65,157
<b>Total</b>	<b>70,324</b>	<b>152,592</b>	<b>101,257</b>	<b>128,898</b>	<b>453,071</b>
<b>2002</b>					
September	3,006	8,846	8,350	13,277	33,479
October	3,588	10,933	16,175	13,837	44,533
November	5,907	10,809	18,105	15,232	50,053
<b>Total</b>	<b>42,922</b>	<b>105,203</b>	<b>158,006</b>	<b>171,677</b>	<b>477,808</b>

Source: ALIC Monthly statistics

**Inspected Egg Products-U.S. & Canada Export/Import Trade****U.S. Exports to Canada, in Pounds (000) (Preliminary)**

	Week Ending February 22, 2003		Year-To-Date	
	2003	2002/1	2003	2002
Liquid	102	399	1,566	2,441
Frozen	0	0	0	0
Dried	0	0	84	50
Total	102	399	1,650	2,491

**U.S. Imports From Canada, in Pounds (000) (Preliminary)**

	Week Ending February 22, 2003		Year-To-Date	
	2003	2002/1	2003	2002
Liquid	72	69	1,109	838
Frozen	47	39	416	515
Dried	40	40	40	396
Total	159	148	1,565	1,749

**Inspected Shell Eggs****U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

	Week Ending February 22, 2003		Year-To-Date	
	2003	2002/1	2003	2002
Jumbo	0	33	0	33
Extra Large	0	30	150	639
Large	1,188	800	3,973	11,851
Medium	1,495	1,451	4,174	6,596
Ungraded	0	0	1,470	0
Misc	12	1,538	12	3,404
Total	2,695	3,852	9,779	22,523

/1 Comparable Week, to-date figures may not total due to rounding.

Source: USDA/AMS Poultry Programs, Market News Branch in cooperation with Agriculture Canada, Poultry Development Division.

**LIVE POULTRY SLTRD UNDER INSPECTION** W/E 22-Feb-03

(PRELIMINARY)

**U.S. FOWL SLAUGHTERED DOMESTICALLY**

	LIGHT HENS	HEAVY HENS	TTL HENS
	THOUSANDS		
HEAD	1,534	1,450	2,984
LAST WEEK	1,793	1,257	3,050
SAME WEEK YR AGO	1,867	1,286	3,153
TO-DATE/2003	13,097	10,864	23,961
TO-DATE/2002	14,555	10,125	24,680

	LIGHT HENS	HEAVY HENS	TTL HENS
	THOUSANDS		
HEAD	347	3	350
LAST WEEK	541	0	541
SAME WEEK YR AGO	450	0	450
TO-DATE/2003	2,862	50	2,912
TO-DATE/2002	2,955	20	2,975

SOURCE: AGRICULTURE CANADA, PLTRY DEVELOPMENT DIV.

**TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA**

	LIGHT HENS	HEAVY HENS	TTL HENS
	THOUSANDS		
HEAD	1,881	1,453	3,334
LAST WEEK	2,334	1,257	3,591
SAME WEEK YR AGO	2,317	1,286	3,603
TO-DATE/2003	15,959	10,914	26,873
TO-DATE/2002	17,510	10,145	27,655

SOURCE: USDA/AMS PLTRY PROGRAMS, MRKT NEWS BR.

**CENTRAL REGION MECHANICALLY SEPARATED CHICKEN**

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

		28-FEB-2003		
<u>CHICKEN</u>	—— PRICES ———		VOLUME ——	
	(Cents per Pound)			
<b>FAT</b>				
<b>CONTENT</b>	<b>FROZEN</b>	<b>FRESH</b>	<b>TOTAL</b>	<b>EXPORT</b>
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

**CHICKEN, WITH SKIN ADDED**

CHICKEN, WITH OR WITHOUT SKIN				
	PRICES		VOLUME	
	(Cents per Pound)			
FAT				
CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	16.00	60,400	-
WTD AVERAGE		16.00		
15-20%				
RANGE	11.00-17.00	10.50-16.00	1,855,600	612,000
WTD AVERAGE	13.27	12.45		
20% OR MORE				
RANGE	-	11.00	20,400	-
WTD AVERAGE		11.00		

\* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

**EASTERN REGION MECHANICALLY SEPARATED CHICKEN**

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

28-FEB-2003				
<u>CHICKEN</u>	PRICES		VOLUME	
	(Cents per Pound)			
FAT				
CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

**CHICKEN, WITH SKIN ADDED**

CHICKEN, WITH OR WITHOUT SKIN				
		PRICES	VOLUME	
		(Cents per Pound)		
FAT				
CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	15.25-16.00	14.50-15.75	856,950	634,000
WTD AVERAGE	15.56	14.75		
15-20%				
RANGE	13.20-14.00	10.50-14.50	1,353,000	104,000
WTD AVERAGE	13.38	12.71		
20% OR MORE				
RANGE	-	12.00	120,000	-
WTD AVERAGE		12.00		

\* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

**NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 28 FEBRUARY 2003.**

The undertone was steady on fresh tom breast meat and fresh destrapped tenderloins, fully steady on fresh wing meat and scapula. The undertone on frozen tom breast meat and frozen destrapped tenderloins with -3 months age was fully steady and -6 months age was barely steady at best, frozen scapula and wing meat from current production at least steady. The trade sentiment on breast trim was steady to barely steady. White meat demand was slow to moderate. Fresh white meat offerings ranged from light on wing meat and scapula to instances fully adequate on tom breast meat. Frozen white meat offerings were light and generally held with confidence on product with -3 months age, adequate to instances burdensome with +3 months age. Rib breast demand light on 4-8 lb. sizes, fair on institutional sized breasts. Offerings were adequate to fully adequate on 4-8 lb. weights, adequate to instances burdensome on institutional sizes with the larger sizes in the longest position. Domestic trading centered on a moderate volume of -6 months age frozen tom breast meat and exports on a fair volume of frozen thigh meat for export, balance light. Fresh wing meat 46, fresh scapula 62, fresh breast trim 80 cents delivered domestic. For export: young hen necks 13, drumettes 13, young hen drums 16, frozen thigh meat +3 months age 47, fresh thigh meat 54-55 cents delivered.

**FRIDAY, FEBRUARY 28, 2003**

<b>EXPORT TRADING</b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>	<b>WEEKLY WTD AVG PRICE</b>	<b>WEEKLY VOLUME (000)</b>
DRUMSTICKS, TOMS	23.00		23.00	80	20.19	720
WINGS FULL-CUT - TOMS	23.00		23.00	120	18.06	360
WINGS, V-TYPE, TOM		M	23.86	364	23.86	364
TAILS		R	20.25	80	20.38	160
MECHANICALLY SEPARATED 2/	19.00		19.00	40	17.93	292
THIGH MEAT - FROZEN	43.00-50.00		46.84	396	49.87	1,356

**THURSDAY, FEBRUARY 27, 2003**

<b>EXPORT TRADING</b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>
DRUMSTICKS, TOMS	20.50-21.00		20.70	200
WINGS FULL-CUT - TOMS	16.00		16.00	40
WINGS, V-TYPE, TOM		M	23.86	364
TAILS	20.00-20.50		20.25	80
MECHANICALLY SEPARATED 2/	19.00		19.00	40
THIGH MEAT - FROZEN	42.00-51.00		47.51	540

**WEDNESDAY, FEBRUARY 26, 2003**

<b>EXPORT TRADING</b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>
DRUMSTICKS, TOMS		M	19.45	440
WINGS FULL-CUT - TOMS		T	15.50	200
WINGS, V-TYPE, TOM		M	23.86	364
TAILS		T	20.50	80
MECHANICALLY SEPARATED 2/	13.00		13.00	52
THIGH MEAT - FROZEN	48.00-49.00		48.33	60

**TUESDAY, FEBRUARY 25, 2003**

<b>EXPORT TRADING</b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>
DRUMSTICKS, TOMS		M	19.45	440
WINGS FULL-CUT - TOMS	15.50		15.50	200
WINGS, V-TYPE, TOM		M	23.86	364
TAILS	20.50		20.50	80
MECHANICALLY SEPARATED 2/	19.00		19.00	80
THIGH MEAT - FROZEN		M	57.00	360

**MONDAY, FEBRUARY 24, 2003**

<b>EXPORT TRADING</b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>
DRUMSTICKS, TOMS	18.00-20.00		19.45	440
WINGS FULL-CUT - TOMS		F	18.50	156
WINGS, V-TYPE, TOM	23.50-24.00		23.86	364
TAILS				
MECHANICALLY SEPARATED 2/	19.00		19.00	80
THIGH MEAT - FROZEN	49.00-61.00		57.00	360

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.